



# House of Representatives

General Assembly

**File No. 639**

*January Session, 2007*

Substitute House Bill No. 6660

*House of Representatives, April 30, 2007*

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING HEALTH INSURANCE PREMIUM PAYMENTS BY EMPLOYERS FOR TERMINATED EMPLOYEES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (NEW) (*Effective October 1, 2007*) In the event (1) an  
2      employer, as defined in section 31-58 of the general statutes, terminates  
3      an employee for any reason other than lay off, or (2) an employee  
4      voluntarily terminates his or her employment with an employer, such  
5      employer shall not be responsible for the payment of premium for  
6      such employee under a group health insurance policy after the date of  
7      such employee's termination. Any insurer, health care center, hospital  
8      or medical service corporation or fraternal benefit society that issues  
9      such health insurance policy shall credit such employer for the amount  
10     of any premium paid by such employer with respect to such policy for  
11     such employee to the date of such employee's termination. Any such  
12     credit shall be applied upon the subsequent renewal of such policy.  
13     Notwithstanding the provisions of this section, any contractual  
14     agreement arrived at through collective bargaining requiring the

15 employer to pay the premium for an employee under a group health  
16 insurance policy after the date of such employee's termination shall  
17 supersede the provisions of this section and, in the event of a conflict,  
18 the contractual agreement shall be deemed to be controlling.

This act shall take effect as follows and shall amend the following sections:		
---	--	--

Section 1	<i>October 1, 2007</i>	New section
-----------	------------------------	-------------

**LAB**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

---

***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill is not expected to result in a fiscal impact to the General Fund because current law already permits insurance companies to deduct policy cancellations<sup>1</sup> from their insurance premiums tax liability.

The bill is not anticipated to have any fiscal impact on state and municipal health plans as their provisions are set by collective bargaining.

---

<sup>1</sup> Cancellations are included in the "returned charges" line of the Insurance Premiums Tax return filed by insurance companies.

**OLR Bill Analysis****sHB 6660*****AN ACT CONCERNING HEALTH INSURANCE PREMIUM  
PAYMENTS BY EMPLOYERS FOR TERMINATED EMPLOYEES.*****SUMMARY:**

This bill specifies that an employer is not responsible for paying premiums for an employee's group health insurance coverage after the employee's employment ends for any reason other than layoff. It requires an insurer, HMO, hospital or medical service corporation, or fraternal benefit society to credit an employer for any premiums it prepaid for an employee's coverage to the employee's last work day. It requires the credit to be applied annually at policy renewal. (This assumes the policy is renewed.)

The bill specifies that a collective bargaining agreement requiring an employer to pay an employee's health insurance premiums past the employee's termination date supercedes its requirement. If there is a conflict, the collective bargaining agreement controls.

EFFECTIVE DATE: October 1, 2007

**EMPLOYER DEFINED**

Under the bill, "employer" means any owner or any person, partnership, corporation, limited liability company, or association acting directly as, or on behalf of, or in the interest of an employer in relation to employees, including the state and any state political subdivision.

**BACKGROUND*****Legislative History***

The House referred the bill (File 249) to the Labor and Public Employees Committee, which favorably reported a substitute that

allows collective bargaining agreements to supercede the bill's provisions.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/15/2007)

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8 Nay 1 (04/17/2007)